



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

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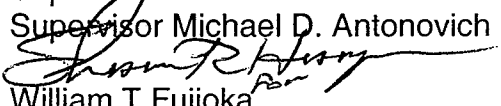
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August 13, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: 
William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum includes information on the State Budget, status of County-sponsored legislation, legislation of County interest, and an Assembly hearing on foster care.

State Budget Update

According to *The Sacramento Bee*, today, Senate President pro Tem Don Perata announced that Democrats have negotiated key points for a State Budget compromise with Governor Schwarzenegger. Senator Perata expressed that they have gone about as far as they can go and considers budget negotiations to be over.

While details of the negotiated proposal are not yet available, according to *The Sacramento Bee*, key elements of the plan include: 1) a temporary one-cent increase in the State sales tax; 2) a rainy-day fund to set aside excess revenues in boom years, and 3) a spending cap to limit annual State expenditures, which is a major concession by Democratic members that Republicans have been insisting on. The proposed plan does not grant the Governor the authority to make mid-year budget reductions.

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Status of County-Sponsored Legislation

County-sponsored AB 2607 (Davis), which would authorize the Counties of Los Angeles, Orange, Merced and Stanislaus to participate in a pilot program to permit the electronic filing of statements of economic interest (Form 700), from January 1, 2009 to January 1, 2012 passed the Assembly Floor on August 12, 2008 by a vote of 73 to 0, and now proceeds to the Governor.

Legislation of County Interest

AB 2146 (Feuer), as amended on July 2, 2008, would prohibit health care facilities and physicians from billing a patient or a patient's insurer for an adverse event, which are preventable errors that occur in a health facility and result in harm to a patient. AB 2146 is currently patterned after existing Federal regulation which prohibits reimbursement of hospitals under the Medicare Program for the cost of care for eight "preventable" hospital acquired conditions:

- Pressure ulcers
- Falls or trauma resulting in serious injuries
- Foreign objects accidentally left behind after surgery
- Air embolism
- Blood incompatibility
- Vascular catheter-associated infections
- Catheter-associated urinary tract infections
- Surgical site infection after coronary artery bypass graft

The Administration is seeking to amend AB 2146 to include one of their health care reform proposals. The Administration's amendment would add 20 conditions to the list of adverse events. It also would authorize the Health Care Cost and Quality Transparency Committee to develop recommendations for the billing and payment of adverse events. This Committee would be established by a separate bill, AB 2967 (Lieber), to develop a plan to report health care safety, quality, and cost information. The 13 members of the Committee would be appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly and would include representatives of health care facilities, health providers, the health insurance industry, businesses, and labor organizations.

Both the California Hospital Association (CHA) and the California Association of Public Hospitals (CAPH) oppose AB 2146 and the Administration's proposals unless amended, arguing that many of the conditions are in fact not preventable. Among other things, CAPH recommends that the list of conditions be consistent with current Federal regulations and contends that an appeals process must be established because even some of the eight conditions addressed in Federal regulation may not be preventable under certain circumstances. The California Hospital Association agrees that a

case-by-case review would be necessary to determine the cause of an adverse event and to assign accountability. In addition, both CHA and CAPH agree that the Health Care Cost and Quality Transparency Committee would not have the necessary expertise to develop policies that would competently address this complex issue.

On July 31, 2008, County Department of Health Services (DHS) staff and the Sacramento advocates attended a meeting on AB 2146 with staff from Assembly Member Feuer's Office and the Administration, as well as a large group of stakeholders, including CHA and CAPH. It appeared that Assembly Member Feuer was willing to address some of the concerns raised by stakeholders, including establishing an appeals process, and would consider limiting the list of adverse events to the eight conditions currently in Federal regulation plus three additional conditions: surgery performed on the wrong body part, the wrong patient, or the wrong procedure performed.

AB 2146 failed passage from the Senate Appropriations Committee Suspense File on August 7, 2008. The Sacramento advocates report that discussions may continue on this issue, and that the bill could re-emerge at a later date. Department of Health Services staff and the Sacramento advocates will continue to monitor this bill and work with CHA, CAPH, and other stakeholders.

AB 2716 (Ma), as amended August 4, 2008, which would have required employers to provide paid sick leave benefits to any employee who works seven or more days in a calendar year, failed to pass off the Senate Suspense File on August 7, 2008. Failure of this measure was due in large part to an amendment made on August 4, 2008 which added In-Home Supportive Services (IHSS) providers to those employees entitled to receive paid sick leave benefits. This provision would have increased State costs for the IHSS Program by approximately \$50 million. According to the Department of Public Social Services, the County would have incurred additional costs of approximately \$10 million to provide paid sick leave benefits for IHSS providers. The bill also would have resulted in additional County costs to provide paid sick leave for part-time, seasonal and student workers who do not currently receive this benefit. Assembly Member Ma has indicated that she plans to reintroduce similar legislation in 2009.

AB 2716 was opposed by the California State Association of Counties, California Chamber of Commerce, Los Angeles Area Chamber of Commerce, Long Beach Area Chamber of Commerce, League of California Cities, California Special Districts Association, Association of California Water Agencies, Association of California Healthcare Districts, California Joint Powers Authorities, California Association of Public Authorities for In-Home Supportive Services and numerous business entities. The bill was supported by the Legal Aid Society, the American Civil Liberties Union of Northern and Southern California, American Federation of State, County and Municipal Employees, AFL-CIO, California Commission on the Status of Women, California Child Care Resource & Reference Network, Family Caregiver Alliance, and numerous labor organizations.

Assembly Select Committee on Foster Care Hearing

On August 8, 2008, the Assembly Select Committee on Foster Care conducted its second informational hearing on "Fixing Foster Care: Challenges and Solutions" at the California Science Center in Exposition Park. Assembly Speaker Karen Bass opened the hearing noting that there is a crisis in foster care. The Speaker observed that the typical reaction to a crisis is to take punitive action, and instead, the Speaker wants to look at fundamental service gaps in child welfare programs and find ways to expand and replicate successful programs Statewide through a permanent funding source. Committee Members attending the hearing included, Jim Beall, Chair, Bill Maze, co-Chair, and Fiona Ma. Also in attendance were Assembly Members Julia Brownley, Mike Davis, Hector De La Torre, Mervyn Dymally, Mike Feuer, and Curren Price.

Trish Ploehn, Director of the Department of Children and Family Services (DCFS), provided the Committee with an overview of initiatives implemented by Los Angeles County to increase child safety improve timelines to permanence and reduce reliance on out-of-home placement. Panelists, including DCFS staff, community providers, parents, caregivers and foster youth, described innovative service strategies designed to strengthen families and provide foster youth with services to help them successfully transition to adulthood. Assembly Member Beall noted that the Committee will continue the work begun by Speaker Bass to ensure children are safe and find permanent, secure homes.

We will continue to keep you advised.

WTF:GK:ML
MR:IGA:mp

c: All Department Heads
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